

OBJECTIVE Z: REPORT WRITING, PROCESSING, AND QUALITY CONTROL (240 hours)

- Z-1. **FINDING DEVELOPMENT WORKSHEETS.** To ensure that the audit findings include sufficient, competent, and relevant information to promote adequate understanding of the matters reported and provide convincing but fair presentations in proper perspective. **Upon completion file at A-2.5.**
- (1) As the audit progresses, prepare finding development worksheets.
 - (2) At the end of the Fieldwork Phase II (Evidence Gathering), complete all the elements of each finding development worksheet. Include appropriate background information that readers need to understand the findings.
 - (3) Submit the finding development worksheets to the Supervising Auditor and the City Auditor.
 - (4) (Supervising Auditor and City Auditor) Review and approve the finding development worksheets.
 - (5) Label, number, and file the finding development worksheets in the audit workpapers.
- Z-2. **PRE-DRAFT CONFERENCE – PUNCH PARAGRAPHS.** To develop the punch paragraphs and the audit report outline based on the audit findings. The Pre-draft Conference occurs at the end of the audit fieldwork, after the audit staff completes the finding development worksheets. During the pre-draft conference, the City Auditor discusses audit findings with the Supervising Auditor and the audit staff and formulates the strategy for the report-writing phase of the audit project.
- (1) Hold the pre-draft conference with the City Auditor and the Supervising Auditor to discuss the finding development worksheets and formulate the strategy for the report-writing phase of the audit project.
 - (2) (City Auditor) Write the punch paragraphs based on the finding development worksheets the audit staff submitted at the end of the audit fieldwork.
 - (3) Prepare an audit report outline based on the punch paragraphs provided by the City Auditor.
 - (4) File the punch paragraphs and audit report outline in the audit workpapers.
- Z-3. **AUDIT REPORT DRAFT .** The audit report draft expounds on the punch paragraphs the City Auditor provided. The auditor should ascertain that the report complies with audit reporting standards.
- (1) Write the audit report draft to expound on the punch paragraphs the City Auditor provided and ascertain that the report complies with audit reporting standards. Specifically, the report should include:
 - A statement of the Audit Objectives, Scope and Methodology
 - A conclusion for each audit objective;
 - A statement of omission of any privileged or confidential information;
 - Status of uncorrected findings and recommendations from prior audits;
 - Statement of audit scope impairments;
 - Statement that the audit was made in accordance with generally accepted government audit standards;
 - Applicable audit standard that have not been followed;
 - Significant instances of noncompliance;
 - Significant internal controls that were assessed, the scope of the auditor's assessment work, any significant weaknesses found during the audit, and significant issues requiring further study.
 - (2) Indicate the workpaper references on the margin of the audit report draft.
 - (3) Submit the completed audit report draft with the workpaper references to the Supervising Auditor.
 - (4) Submit a clean copy of the audit report draft (no workpaper references) to the City Auditor.
 - (5) Find out from the City Auditor whether the draft report (or sections thereof) should be referred to the City Attorney for legal review.
 - (6) Make the audit report draft changes approved by the City Auditor.
 - (7) File the audit report draft, including the corrections approved by the City Auditor.

-
- Z-4. **WORKPAPER REVIEW** . To ensure that workpapers are properly prepared and provide adequate support of the work performed and the audit evidence gathered during the audit.
- (1) As the audit progresses, label and number all audit workpapers.
 - (2) At the conclusion of the audit fieldwork, complete the audit workpapers. Ascertain that the workpapers provide adequate support to the audit work performed and the audit evidence gathered during the audit.
 - (3) Schedule a Workpaper Review meeting with the Supervising Auditor.
 - (4) (Supervising Auditor) Review the workpapers for form and content and ascertain that the audit evidence reflected in the audit workpapers can pass the test of evidence. Provide the audit staff a Workpaper Review Sheet listing all comments and questions regarding the audit workpapers
 - (5) Respond in writing (in the space provided in the Workpaper Review Sheet) to the Supervising Auditor's comments and questions. Make changes to the workpapers as necessary.
 - (6) (Supervising Auditor) Review the audit staff's responses to the Workpaper Review Sheet comments. Cross out all comments or questions that are resolved.
 - (7) File the Workpaper Review Sheets in the audit workpapers.
- Z-5. **INDEPENDENT REPORT REVIEW** . To ascertain that every statement of fact in the audit report is supported by audit evidence documented in the audit workpapers and that opinions and conclusions are logical and consistent. The Independent Report Review is a critical quality control element in audit report processing. The reviewer's job is to examine the report's logic and facts. The reviewer is expected to verify every statement of fact by tracing it back to the supporting workpapers. The workpapers should reflect the details of the evidence and disclose how it was obtained. **File Independent Report Review Sheets at A-3.4.**
- (1) (Supervising Auditor and City Auditor) Assign an auditor who was not involved in the audit project's fieldwork and report preparation to be the Independent Report Reviewer.
 - (2) At the conclusion of the audit fieldwork, complete the audit workpapers. Ascertain that the workpapers provide adequate support to the audit work performed and the audit evidence gathered during the audit. For statements of fact, reference the audit report draft to the audit workpapers by noting the workpaper number on the page margin next to each line. For statements of opinion or conclusion, write "OPINION" or "CONCLUSION" on the page margin next to the statement. **File the Indexed/Referenced Report at A-3.3.**
 - (3) (Independent Report Reviewer) Review the report's conceptual structure, spelling, grammar, and punctuation. Verify that facts flow logically into conclusions and recommendations. Trace every statement of fact to the supporting workpaper, including dates, numbers, percentages, computations, titles, proper names, quotes, and legal citations. If the statement of fact, opinion, or conclusion is acceptable, place a tickmark above the item. Write all questions or comments in a Workpaper Review Sheet. Write a comment reference number next to each questioned item.
 - (4) Respond in writing (in the space provided in the Workpaper Review Sheet) to the Independent Report Reviewer's comments and questions. Make changes to the workpapers as necessary.
 - (5) (Independent Report Reviewer) Review the audit staff's responses to the Workpaper Review comments. Cross out all comments or questions that are resolved.
 - (6) File the Workpaper Review Sheets in the audit workpapers.
- Z-6. **PRELIMINARY DRAFT TO THE AUDITEE** . To provide the auditee the opportunity to review the audit report draft and prepare a response to the audit findings and recommendations. **File the Preliminary Draft at A-3.6.**
- (1) Ascertain that all questions and comments from the Supervising Auditor and Independent Report Reviewer have been resolved and documented.
 - (2) Ascertain that all audit report draft changes have been approved by the City Auditor and incorporated in the audit report draft.
 - (3) (Executive Assistant to the City Auditor) Ascertain that the audit report draft distribution list is complete. Finalize and distribute the audit report draft.
 - (4) File the audit report draft in the audit workpapers.

Z-7. EXIT CONFERENCE . To provide the responsible officials of the audited program the opportunity to state their views concerning the auditors' findings, conclusions, and recommendations, as well as corrections planned. To ensure that the audit report is fair, complete, and objective, the City Auditor provides the auditee an audit report draft and invites auditee representatives to the Exit Conference in which the auditee representatives can state their views concerning the audit findings, conclusions, and recommendations. At this meeting, the auditee representatives will also explain the corrections they plan to do in response to the audit findings and recommendations. **File Exit Conference Meeting notes (If applicable, pre-exit and post-exit meeting notes) at A-3.7.**

- (1) (Executive Assistant to the City Auditor) Schedule the exit conference.
- (2) (City Auditor, Supervising Auditor, Audit Staff, Auditee Representatives) Hold the exit conference. The Auditee Representatives state their views concerning the auditors' findings, conclusions, and recommendations, as well as corrections planned.
- (3) Summarize the discussions at the Exit Conference.
- (4) (City Auditor, Supervising Auditor, and Audit Staff) Make the agreed-upon changes to the audit report, if any.
- (5) Prepare additional workpapers as necessary to document audit report changes.
- (6) File all approved audit report changes, Exit Conference summary, and revised audit report draft in the audit workpapers.

Z-8. REVISED DRAFT TO WORD PROCESSOR. To process the audit report for final review and printing.

- (1) Ascertain that all City Auditor-approved changes to the audit report draft are incorporated in the word processing file.
- (2) Submit the audit report word processing file and a hard copy to the Executive Assistant to the City Auditor.
- (3) (Executive Assistant to the City Auditor and the Administrative Support Unit) Ascertain that the audit report distribution list is complete and accurate. Ascertain that names and titles are current and correctly spelled. Arrange for final proofreading and number-checking. Finalize the audit report draft.

Z-9. REVISED DRAFT TO THE CITY AUDITOR. To ascertain that the audit report meets City Auditor standards. The audit report should (1) communicate the results of audits to officials at all levels of government, (2) make the results less susceptible to misunderstanding, (3) make the results available for public inspection, and (4) facilitate follow-up to determine whether appropriate corrective actions have been taken.

- (1) (Executive Assistant to the City Auditor and the Administrative Support Unit) Submit the revised audit report draft to the audit staff and the Supervising Auditor.
- (2) Ascertain that all City Auditor-approved corrections have been incorporated in the revised audit report draft and that the audit report meets the reporting standards described in the U.S. General Accounting Office's *Government Auditing Standards*.
- (3) Submit the revised audit report draft to the City Auditor.
- (4) (City Auditor) Review and approve the revised audit report draft.

-
- Z-10. **FINAL WORKPAPER REVIEW.** To ensure that workpapers are properly prepared and provide adequate support of the work performed. During the Final Workpaper Review, the Supervising Auditor makes a final review to ascertain that all audit workpapers prepared after the first review meet Government Auditing Standards for form and content.
- (1) Schedule the final Workpaper Review meeting with the Supervising Auditor.
 - (2) (Supervising Auditor) Review the workpapers for form and content and ascertain that the audit evidence reflected in the audit workpapers can pass the test of evidence. Provide the audit staff a Workpaper Review Sheet listing all comments and questions regarding the audit workpapers.
 - (3) Respond in writing (in the space provided in the Workpaper Review Sheet) to the Supervising Auditor's comments and questions. Make changes to the workpapers as necessary.
 - (4) (Supervising Auditor) Review the audit staff's responses to the Workpaper Review comments. Cross out all comments or questions that are resolved.
 - (5) File the Workpaper Review Sheets in the audit workpapers.
 - (6) Make an CD-ROM copy of all job-related workpapers.
- Z-11. **FINAL AUDIT STANDARDS REVIEW.** To ensure that the audit project complies with the U.S. Comptroller General's *Government Auditing Standards*. **File the completed Audit Standard Plan at A-3.1 and Audit Standards Review Sheets at A-3.2.**
- (1) Update the Audit Standards Plan to reflect the audit work performed upon completion of the Report Writing phase of the audit.
 - (2) (Audit Standards Plan Reviewer) Review the plan for completeness and verify the remaining items in the Audit Standards Plan that were not verified during the first and second reviews. Write the review comments in an Audit Standards Review Worksheet.
 - (3) Discuss comments with the reviewer and make changes to the audit report, the Audit Standards Plan or the workpapers, if necessary. Refer any audit report changes and unresolved items to the Supervising Auditor and the City Auditor.
 - (4) (Supervising Auditor and City Auditor) Review and approve the audit report changes and decide on any unresolved issues.
 - (5) File the Audit Standards Plan and the reviewer's comments in the audit workpapers.
- Z-12. **DRAFT REPORT TO AUDITEE.** To provide the auditee the opportunity to review the final audit report draft and prepare a written response to the audit findings and conclusion. **File Draft Report at A-3.8.**
- (1) Ascertain that the final audit report draft includes all the changes agreed upon during the exit conference.
 - (2) (Executive Assistant to the City Auditor and the Administrative Support Unit) Ascertain that the audit report draft distribution list is complete. Finalize and distribute the audit report draft.
 - (3) File the audit report draft in the audit workpapers.
- Z-13. **REPORT DRAFT CONFERENCE (IF REQUESTED).** To provide the responsible officials of the audited program an opportunity to state their views concerning the auditors' findings, conclusions, and recommendations, as well as corrections planned.
- (1) (Auditee) Request the report draft conference.
 - (2) (City Auditor, Supervising Auditor, Audit Staff, Auditee Representatives) Hold the exit conference. The Auditee Representatives state their views concerning the auditors' findings, conclusions, and recommendations, as well as corrections planned.
 - (3) Summarize the discussions at the Report Draft Conference.
 - (4) (City Auditor, Supervising Auditor, and Audit Staff) Make the agreed-upon changes to the audit report, if any.
 - (5) Prepare additional workpapers as necessary to document audit report changes.
 - (6) File all approved audit report changes, Report Draft Conference summary, and revised audit report draft in the audit workpapers

- Z-14. **AUDITEE/CITY MANAGER RESPONSE.** To include in the audit report a written response from the auditee and the City Manager concerning the audit findings, conclusions, and recommendations. Including the views of responsible officials produces a report that shows not only what was found and what the auditors think about it but also what the responsible persons think about it and what they plan to do about it. This will ensure that a report is fair, complete, and objective.
- (1) (Auditee Management) Prepare a written response to the audit findings and recommendations. Submit written response to the City Manager's Office.
 - (2) (City Manager's Representative) Review and approve the Auditee Management's response. Forward the approved response to the City Auditor.
 - (3) (City Auditor, Supervising Auditor, and Audit Staff) Review the auditee response. Prepare a rebuttal, if needed.
 - (4) Prepare additional workpapers as necessary to support statements in the rebuttal to the auditee response.
 - (5) File auditee response and City Auditor rebuttal in the audit workpapers.
- Z-15. **FINAL REPORT.** To ascertain that the audit report is complete, including the auditee response and the City Auditor's rebuttal, if applicable, and distributed to all parties concerned, as required by Government Auditing Standards. **File a copy of the Final Report at A-3.9.**
- (1) (City Auditor, Supervising Auditor, and Audit Staff) Ascertain that the audit report is complete, including the auditee response and the City Auditor's rebuttal, if applicable.
 - (2) (Executive Assistant to the City Auditor and the Administrative Support Unit) Arrange for the issuance and presentation of the final report:
 - Ascertain that the audit report distribution list is complete.
 - Arrange for final proofreading.
 - Bind the audit report in the City Auditor blue covers.
 - Schedule the presentation of the audit report in the Finance Committee.
 - Prepare summaries, charts, and other audio-visual materials for the Finance Committee presentation.
 - Make sufficient copies of the audit report to fill requests from the public.
 - (3) (City Auditor, Supervising Auditor, and Audit Staff) Present the audit report at the scheduled Finance Committee meeting.
 - (4) Obtain a copy of the Finance Committee minutes for the meeting at which the audit report was presented.
 - (5) File the minutes in the audit workpapers to document audit report presentation. . **File a copy of the presentation and minutes at A-3.10.**
- Z-16. **STAFF PERFORMANCE REPORTS.** To provide feedback to the audit staff regarding their performance during the audit and to help the individual employee work closer to his or her potential.
- (1) (Supervising Auditor) Complete a Management Performance Evaluation form for each of the audit staff.
 - (2) (City Auditor) Review and approve the completed Management Performance Evaluation form.
 - (3) (City Auditor, Supervising Auditor, and Audit Staff) Meet separately with each member of the audit team to discuss the employee's performance during the audit.
 - (4) (Executive Assistant to the City Auditor) Send the performance evaluation report to the Human Resources Department and process the authorized salary change, if any. Give a copy of the performance evaluation form to the employee. File a copy of the performance evaluation form in the individual employee's personnel file.

Z-17. ALGA SUMMARY AND MONETARY BENEFIT REPORT. At the completion of the audit, the audit staff should write a one-page project summary of the audit and the Monetary Benefit Report. The audit staff should also prepare the audit workpapers for storage, including segregating the confidential from the non-confidential workpapers. **File ALGA Summary at A-3.11.**

- (1) Prepare a one-page project summary and the Monetary Benefit Report (Procedure # 5-07J).
- (2) (Supervising Auditor and City Auditor) Review and approve the project summary and the Monetary Benefit Report
- (3) Fax the project summary to ALGA.
- (4) File the project summary and the Monetary Benefit Report with the audit workpapers.
- (5) Separate the confidential from the non-confidential workpapers.
- (6) Complete the workpaper index.
- (7) Bundle the workpapers using cardboard covers.
- (8) Complete the information for each bundle.
- (9) Clearly identify the confidential workpaper bundles.
- (10) Put the workpapers in boxes for storage.
- (11) (Administrative Support Unit) Send the audit workpapers to storage.

Z-18. UPDATE THE THREATS AND CONTROLS DATABASE. To update the Threats and Controls Database in the City Auditor's Office Web Page.

- (1) Provide a copy of the threats and controls matrix MS Excel file to the Supervising Auditor and the City Auditor.
- (2) (Supervising Auditor and City Auditor) Review and approve the final threats and controls matrix.
- (3) (Webmaster) Convert the threats and controls matrix file to HTML and post the matrix in the City Auditor's Web Page.